



Montana TY2006 E~File Test Packet

Montana Test 4

(revised 12/7/2006)

Forms: Form 2M (if 2M not supported submit on Form 2)

Name: Smitty, Rachel 400-00-6875

Dependents: None

Address: 9875 10th Avenue South
Great Falls, MT 59401

Return Status: Refund

Filing Status: 1 (Single)

Residency Status: Resident Full Year

Exemptions: 3 Primary (yourself, 65 or older and blind)
3 Total

Deduction: Standard Deduction

Notes: Nongame wildlife program check off: 50
Child abuse prevention check off: 50
Agriculture in schools check off: 50
End-stage renal disease check off: 50
Do not need forms next year should be "X"
May DOR discuss return with preparer should be "Y"
Taxpayer phone number should be (406) 444-6957
Include preparer information
Refund amount is **\$300.00**
Direct Deposit information
Rtn #: 012456778
Acct #: 56888900256025689
Acct type: Checking

2006

Montana Individual Income Tax Return (Short Form)

Form 2M

Calendar year income tax return for a Montana resident filing as single, jointly, or head of household.

Montana

Amended Return <input type="checkbox"/>	Your first name and initial RACHEL	Last name SMITTY	Deceased <input type="checkbox"/>	Your social security number 400-00-6875
Check the box above if this is an amended return. <input type="checkbox"/>	Spouse's first name and initial	Last name	Deceased <input type="checkbox"/>	Spouse's social security number
	Home address (number and street) 9875 10th Avenue South		City Great Falls	State MT Zip+4 59401
Filing Status (check only one box) 1 <input checked="" type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly 3 <input type="checkbox"/> Head of Household				
4 <input checked="" type="checkbox"/> Resident full year (To be used only by full year Montana residents. Nonresidents and Part-Year residents are required to use Form 2).				

Exemptions

5a	<input checked="" type="checkbox"/> Yourself.....	<input checked="" type="checkbox"/> 65 or older.....	<input checked="" type="checkbox"/> Blind.....	Enter number checked	3	5a	
5b	<input type="checkbox"/> Spouse.....	<input type="checkbox"/> 65 or older.....	<input type="checkbox"/> Blind.....	Enter number checked		5b	
5c	Dependent's first name	Last name	SSN	Relationship	Disabled		
						5c	
5d	If additional dependents, see instructions. Add lines 5a thru 5c and enter total exemptions here.....					3	5d

Enter amounts corresponding to your federal return. Round to nearest dollar. If no entry, leave blank.

Federal Adjusted Gross Income	6	Wages, salaries, tips, etc. Attach federal Form(s) W-2.....		6		
	7a	Taxable interest. Attach federal Schedule B or 1 if required.....	1500	7a		
	b	Tax-exempt interest. Do not include on line 7a.....	1200	7b		
	8a	Ordinary dividends. Attach federal Schedule B or 1 if required.....	2500	8a		
	b	Qualified dividends.....	300	8b		
	9	Capital gain or (loss). Attach federal Schedule D if required.....	(3000)	9		
	10a	IRA distributions.....	14000	Taxable amount.....	1700	10b
	11a	Pensions and annuities.....	23000	Taxable amount.....	12000	11b
	12	Unemployment compensation.....				12
	13a	Social security benefits.....	3500	Taxable amount.....	1750	13b
14	Add and enter amounts in the far right columns lines 6 thru 13b. This is your total income		16450	14		
Montana Adjusted Gross Income	15	Penalty on early withdrawal of savings.....		15		
	16	IRA deduction.....		16		
	17	Student loan interest deduction.....		17		
	18	Jury duty pay you gave your employer.....		18		
	19	Add lines 15 through 18 and enter the result here. This is your total adjustments to income		19		
	20	Subtract line 19 from line 14 and enter the result here. This is your federal adjusted gross income		16450	20	
	21	Interest and municipal fund dividends state, county, or municipal bonds from other states.....	1100	21		
	22	Taxable federal refund.....		22		
	23	Addition to federal taxable social security/railroad retirement.....		23		
	24	Medical care savings account nonqualified withdrawal.....		24		
25	Add lines 21 through 24 and enter the result here. This is your Montana additions to federal adjusted gross income		1100	25		
Montana Adjusted Gross Income	26	Exempt interest and dividends from federal bonds, notes, and obligations.....		26		
	27	Exempt unemployment compensation.....		27		
	28	Partial pension and annuity income exemption.....	3600	28		
	29	Partial interest exemption for taxpayers 65 and older.....	800	29		
	30	Exemption for certain taxed tips and gratuities.....		30		
	31	Exempt medical care savings account deposits and earnings.....		31		
	32	Subtraction for federal taxable social security/Tier I Railroad Retirement.....	1750	32		
	33	Subtraction for federal taxable Tier II Railroad Retirement.....	8400	33		
	34	Add lines 26 through 33 and enter the result here. This is your Montana subtractions from federal adjusted gross income		14550	34	
	35	Add lines 20 and 25, then subtract line 34. This is your Montana adjusted gross income		3000	35	

Taxable Income	36 Montana adjusted gross income from line 35.....		3000	36									
	Deductions												
	37 (A) Standard Deduction: (A) <input checked="" type="checkbox"/>		1650	37									
	(B) Itemized Deductions (from Form 2M, Schedule I, line 30): (B) <input type="checkbox"/>												
	38 Subtract line 37 from line 36 and enter amount here.....		1350	38									
Tax	Exemptions (all individuals are entitled to at least one exemption)												
	39 Multiply \$1,980 by the number of exemptions on line 5d and enter result here.....		5940	39									
	40 Subtract line 39 from line 38 and enter the result here. If zero or less, enter zero. This is your taxable income.			40									
	41 Tax from the tax table below. If line 40 is zero, enter zero.....			41									
	42 1% capital gains tax credit.....			42									
	43 Subtract line 42 from 41 and enter the result here. If zero or less, enter zero. This is your resident tax after capital gains tax credit.			43									
Credits	44 Nonrefundable single-year credits from Form 2M, Schedule II, line 5.....			44									
	45 Nonrefundable carryover credit from Form 2M, Schedule II line 6.....			45									
	46 Add lines 44 and 45 and enter the result here. This is your total nonrefundable credits.			46									
	47 Subtract line 46 from line 43 and enter the result here. If zero or less, enter zero. This is your total tax after nonrefundable credits.			47									
Payments and Offsets	48 Montana income tax withheld. Attach federal Form(s) W-2 and 1099.....		750	48									
	49 2006 estimated tax payments and amounts applied from your 2005 return			49									
	50 2006 extension payment from Form EXT-06.....			50									
	51 Elderly Homeowner/Renter Credit from Form 2M, Schedule II, line 7.....			51									
	52 Add lines 48 through 51 and enter the result here. This is your total payments/offsets.		750	52									
Penalty, Interest, Contributions	53 Interest on underpayment of estimated taxes. (See instructions on page ??).....			53									
	54 Late file, late pay penalties and interest. (See instructions on page ??).....			54									
	55 Medical Care Savings Account 10% penalty.....			55									
	56 Enter in boxes 56a through 56d your Voluntary Check-off Contributions												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Nongame wildlife program</td> <td style="width: 25%;">Child abuse prevention</td> <td style="width: 25%;">Agriculture in schools</td> <td style="width: 25%;">End-stage renal disease</td> <td style="width: 20%;">Sum of 56a through 56d</td> </tr> <tr> <td>56a) 50</td> <td>56b) 50</td> <td>56c) 50</td> <td>56d) 50</td> <td style="text-align: right;">200</td> </tr> </table>		Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease	Sum of 56a through 56d	56a) 50	56b) 50	56c) 50	56d) 50	200	56
	Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease	Sum of 56a through 56d								
56a) 50	56b) 50	56c) 50	56d) 50	200									
57 Add lines 47, 53, 54, 55 and 56 and enter the result here. This is the sum of your total tax, penalties, interest and contributions.		200	57										
Amount You Owe or Your Refund	58 If line 57 is more than line 52, enter the difference here. This is the amount you owe. Make check payable to MONTANA DEPARTMENT OF REVENUE or visit our website at www.mt.gov/revenue to pay by credit card or E-check.....			58									
	59 If line 57 is less than line 52, enter the difference here.....		550	59									
	60 Enter the amount of line 59 you want applied to your 2007 estimated taxes.....		250	60									
	61 Subtract lines 60 from line 59 and enter the result here. This is your refund.		300	61									

RTN# 0 1 2 4 5 6 7 7 8 ACCT# 5 6 8 8 8 9 0 0 2 5 6 0 2 5 6 8 9		Name, address and telephone number of paid preparer. FRED MORRIS 1355 Central Ave, Great Falls, MT 59401 (406)586-4241		<input checked="" type="checkbox"/> checking savings <input type="checkbox"/> savings	
If applicable, check appropriate box.		<input type="checkbox"/> Annualized estimated payments <input checked="" type="checkbox"/> Do not mail 2007 forms and instructions		<input type="checkbox"/> Extension – Check this box and attach a copy of your federal Form 4868 to receive your Montana extension.	
May the DOR discuss this return with your tax preparer? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.			
X		(406) 444-6957		X	

Your signature is required _____ Date _____ Daytime telephone number _____ Spouse's signature _____ Date _____

I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.

If Taxable Income is Over	But not Over	Multiply by	and Subtract = tax	If Taxable Income is Over	But not Over	Multiply by	and Subtract = tax
\$ 0	\$ 2,400	1%	\$ 0	\$ 8,800	\$ 11,300	5%	\$ 220
\$ 2,400	\$ 4,300	2%	\$ 24	\$ 11,300	\$ 14,500	6%	\$ 333
\$ 4,300	\$ 6,500	3%	\$ 67	\$ 14,500		6.9%	\$ 464
\$ 6,500	\$ 8,800	4%	\$ 132				

Schedule I: Montana Itemized Deductions

Enter on the corresponding line your itemized deductions.

File Schedule I with your Montana Form 2M.

Medical and Dental Expenses	1	Medical and dental expenses.....		1
	2	Enter amount from Form 2M, line 35.....		2
	3	Multiply line 2 by .075 (7.5%).....		3
	4	Subtract line 3 from line 1 and enter result here but not less than zero, This is your deductible medical and dental expense subject to 7.5% of Montana AGI		4
	5	Medical insurance premiums not deducted elsewhere on your return.....		5
	6	Long term care insurance premiums not deducted elsewhere on your return.....		6
Taxes You Paid	Complete lines 7a through 7d reporting your total federal income tax payments made in 2006 before completing line 7e..			
	7a	Federal income tax withheld in 2006.....		7a
	7b	Federal estimated tax payments paid in 2006.....		7b
	7c	2005 federal income taxes paid in 2006.....		7c
	7d	Other back year federal income taxes paid in 2006.....		7d
	7e	Add lines 7a through 7d and enter result here, but not more than \$5,000 if you are filing single, or head of household, or \$10,000 if filing a joint return with your spouse. This is your federal income tax deduction		7e
	8	Real estate taxes paid in 2006.....		8
	9	Personal property taxes paid in 2006.....		9
	10	Other deductible taxes. List type and amount:.....		10
	Interest You Paid	11	Home mortgage interest and points reported to you on federal Form 1098.....	
12		Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address.		12
13		Points not reported to you on federal Form 1098.....		13
14		Investment interest. Attach federal Form 4952.....		14
Gifts	15	Contributions made by cash or check during 2006.....		15
	16	Contributions made other than by cash or check.....		16
	17	Contribution carryover from the prior year.....		17
	18	Child and dependent care expenses. Attach Montana Form 2441M.....		18
	19	Casualty and theft loss(es). Attach federal Form 4684.....		19
Job Expenses and Certain Miscellaneous Deductions	20	Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ.....		20
	21	Other expenses. List type and amount:.....		21
	22	Add lines 20 and 21 and enter the result here.....		22
	23	Enter the amount on Form 2M, line 35 here.....		23
	24	Multiply line 23 by .02 (2%) and enter the result here.....		24
	25	Subtract line 24 from line 22 and enter the result here, but not less than zero.....		25
	26	Political contributions (limited to \$100 per taxpayer).....		26
	27	Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount:.....		27
Total Itemized Deductions	28	Add lines 4 through 6; 7e through 19; and 25 through 27 and enter the result here..... If the amount on Form 2M, line 36 is more than \$150,000 your deductions may be limited. Complete the itemized deduction Worksheet VI, found on page ?? of the Form 2M instruction booklet and then continue to line 29; otherwise, go to line 30 below.		28
	29	Enter the amount from the itemized deduction Worksheet VI, line 9. This is the amount of your non-allowed itemized deductions Subtract line 29 from line 28 and enter the result here and on Form 2M, line 36.		29
	30	These are your allowable itemized deductions		30

Schedule II: Montana Tax Credits
Enter on the corresponding line your Montana tax credits.
File Schedule II with your Montana Form 2M.

Nonrefundable Single-year Credits	Nonrefundable credits that are single-year credits and HAVE NO carryover provision.			
	1 College contribution credit. Attach Form CC.....			1
	2 Energy conservation installation credit. Attach Form ENRG-C.....			2
	3 Elderly care credit. Attach Form ECC.....			3
	4 Developmental disability account contribution credit.....			4
	5 Add lines 1 through 4 and enter the result here and on Form 2M, line 44. These are your total nonrefundable single-year credits.			5
Nonrefundable Carryover Credits	Nonrefundable credits that HAVE a carryover provision that allows you to carry forward the unused portion of your credit to future tax years.			
	6 Alternative energy systems credit. Attach Form ENRG-B. Attach Form ENRG-B and enter the amount on Form 2M, line 45. This is your total nonrefundable carryover credit.			6
Refundable Credit	Refundable credit that is applied against your income tax liability with any remaining balance refunded to you.			
	7 Elderly homeowner/renter credit. Attach Form 2EC and enter the amount on Form 2M, line 51. This is your elderly homeowner/renter credit.			7

We have listed 6 credits that can be used when filing Montana Form 2M however the Montana legislature has authorized 27 different income tax credits. See Montana Form 2, Schedule V for a list and description of these 27 tax credits that are available. If you are eligible for any of the other credits not listed above, you will have to file Montana Form 2 instead of Form 2M.

Montana Tax Credits

There are three categories of credits available to you on your Montana individual income tax return. With the exception of the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form 2M, line 42) you are not required to apply any of these 6 tax credits against your income tax liability in any particular order.

- **Nonrefundable single-year credits.** Your nonrefundable single-year credits can only be used to offset your 2006 resident tax

after capital gains credit and cannot reduce your tax liability below zero. The unused portion of your nonrefundable single-year credits that exceeded your 2006 income tax liability are lost and are unable to be used in future years.

- **Nonrefundable carryover credit.** Your nonrefundable carryover credit can be used to offset your 2006 resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credit that is not applied against your 2006 income tax liability can be carried over and used to offset future year tax liabilities.
- **Refundable credits.** Your refundable elderly homeowner/renter credit is applied against your income tax liability with any unused credit refunded to you.

2006

Montana Individual Income Tax Return (Long Form)

Form 2

Montana

For the year Jan 1 – Dec 31, 2006 or the tax year beginning _____, 2006, ending _____, 20____

Amended Return <input type="checkbox"/>	Your first name and initial RACHEL	Last name SMITTY	Deceased <input type="checkbox"/>	Your social security number 400-00-6875
Check the box above if this is an amended return.	Spouse's first name and initial	Last name	Deceased <input type="checkbox"/>	Spouse's social security number
	Home address (number and street) 9875 10th Avenue South		City Great Falls	State MT Zip+4 59401
Filing Status	1 <input checked="" type="checkbox"/> Single	3b	Married filing separately on separate forms. Spouse's SSN.	
(check only one box)	2 <input type="checkbox"/> Married filing jointly	3c	Married filing separately and spouse not filing. Spouse's SSN.	
	3a <input type="checkbox"/> Married filing separately on the same form	4	Head of household	
Residency Status (check only one box)			Date of change: State moved to: State moved from:	
5a <input checked="" type="checkbox"/> Resident full year	5b <input type="checkbox"/> Nonresident full year	5c <input type="checkbox"/> Resident part-year		

Exemptions

Exemptions					Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)	
6a	<input checked="" type="checkbox"/> Yourself	<input checked="" type="checkbox"/> 65 or older	<input checked="" type="checkbox"/> Blind	Enter number checked	3	6a	
6b	<input type="checkbox"/> Spouse	<input type="checkbox"/> 65 or older	<input type="checkbox"/> Blind	Enter number checked		6b	
6c	Dependent's first name	Last name	SSN	Relationship	Disabled		
6d	If additional dependents, see instructions. Add lines 6a thru 6c and enter total exemptions here.					3	6d

Enter amounts corresponding to your federal return.

Round to nearest dollar. If no entry, leave blank.

Federal Income	7 Wages, salaries, tips, etc. Attach federal Form(s) W-2.....	7		7
	8a Taxable interest. Attach federal Schedule B if required.....	8a	1500	8a
	b Tax-exempt interest. Do not include on line 8a. 8b A: 1200 B:	8b		
	9a Ordinary dividends. Attach federal Schedule B if required.....	9a	2500	9a
	b Qualified dividends..... 9b A: 300 B:	9b		
	10 Taxable refunds, credits, or offsets of state and local income taxes.....	10		10
	11 Alimony received.....	11		11
	12 Business income or (loss). Attach federal Schedule C or C-EZ NAICS:	12		12
	13 Capital gain or (loss). Attach federal Schedule D if required.....	13	(3000)	13
	14 Other gains or (losses). Attach federal Schedule 4797.....	14		14
15a IRA distributions..... 15a. A: 14000 B: Taxable amount...	15b	1700	15b	
16a Pensions and annuities.. 16a. A: 23000 B: Taxable amount...	16b	12000	16b	
17 Rental real estate, royalties, partnerships, S. corporations, trust. Attach federal Sch. E.....	17		17	
18 Farm income or (loss). Attach federal Schedule F.....	18		18	
19 Unemployment compensation.....	19		19	
20a Social security benefits 20a. A: 3500 B: Taxable amount...	20b	1750	20b	
21 Other income. List type and amount.	21		21	
22 Add the amounts in the far right columns for lines 7 thru 21. This is your total income	22	16450	22	
Federal Adjusted Gross Income	23 Archer MSA deduction. Attach federal Form 8853.....	23		23
	24 Certain business expenses or reservist, etc. Attach Schedule 2106 or 2106EZ....	24		24
	25 Health savings account deduction. Attach federal Form 8889.....	25		25
	26 Moving expenses. Attach federal Form 3903.....	26		26
	27 One-half of self-employment tax. Attach federal Schedule SE.....	27		27
	28 Self-employed SEP, SIMPLE, and qualified plans.....	28		28
	29 Self-employed health insurance deduction.....	29		29
	30 Penalty on early withdrawal of savings.....	30		30
	31a Alimony paid..... 31b. Recipient's SSN. A: B:	31a		31a
	32 IRA deduction.....	32		32
33 Student loan interest deduction.....	33		33	
34 Jury duty pay you gave to your employer.....	34		34	
35 Domestic production activities deduction. Attach federal Form 8903.....	35		35	
36 Add lines 23 through 31a and 32 through 35 and enter the result here.....	36		36	
37 Subtract line 36 from line 22 and enter result here.....	37	16450	37	
37a Combine amounts on line 37 columns A and B and enter result here. This is your federal adjusted gross income.		16450	37a	
Montana AGI	38 Enter Montana additions to federal AGI from Form 2, page 3, Schedule I, line 17. Attach Form 2, page 3, Schedule I.....	38	1100	38
	39 Enter Montana subtractions from federal AGI from Form 2, page 4, Schedule II, line 34. Attach Form 2, page 4, Schedule II.....	39	14550	39
	40 Add lines 37 and 38, then subtract line 39. This is your Montana adjusted gross income	40	3000	40

Taxable Income	41	Montana adjusted gross income from line 40.....	41	3000		41						
	Deductions											
	Check only one											
	42	(A) Standard Deduction	(A) <input checked="" type="checkbox"/>									
	42	(B) Itemized Deductions (from Form 2, Schedule III, line 32....	(B) <input type="checkbox"/>	1650		42						
	43	Subtract line 42 from line 41 and enter the result here.....	43	1350		43						
Exemptions (all individuals are entitled to at least one exemption)												
	44	Multiply \$1,980 by the number of exemptions on line 6d and enter result here..	44	5940		44						
	45	Subtract line 44 from line 43 and enter the result here. If zero or less, enter zero. This is your taxable income.	45	0		45						
Tax	46	Tax from the tax table on page 10 . If line 45 is zero, enter zero.....	46	0		46						
	47	1% capital gains tax credit.....	47			47						
	48	Subtract line 47 from line 46 and enter the result here, but not less than zero. This is your resident tax after capital gains tax credit.	48	0		48						
	48a	Non-resident, part-year resident tax after capital gains tax credit. Enter here the amount from Form 2, Schedule IV, line 21, but not less than zero....	48a			48a						
	49	Tax on lump-sum distributions. See instructions. Attach federal Form 4972....	49			49						
	50	Add lines 48 or 48a and 49 and enter the result here. This is your total tax.	50	0		50						
Credits	51	Nonrefundable single-year credits from Form 2, Schedule V, line 13.....	51			51						
	52	Nonrefundable carryover credits from Form 2, Schedule V, line 26.....	52			52						
	53	Add lines 51 and 52 and enter the result here but do not enter an amount larger than the amount on line 50. This is your total nonrefundable credits	53			53						
Recap Taxes	54	Family education savings account recapture tax.....	54			54						
	55	Endowment credit recapture tax.....	55			55						
	56	Rural physician's credit recapture tax.....	56			56						
	57	Add lines 54 through 56 and enter result here. This is your total recaptures.	57			57						
Tax Liability	58	Add lines 50 and 57 and then subtract from this total the amount on line 53 and enter the result here. This is your 2006 tax liability.	58	0		58						
	59	Combine the amounts on line 58 columns A and B and enter the result here. This is your combined 2006 tax liability.	59		0	59						
Payments and Refundable Credits	60	Montana income tax withheld. Attach federal Form(s) W-2 and 1099.....	60	750		60						
	61	2006 estimated tax payments and amount applied from your 2005 return.....	61			61						
	62	2006 extension payments from Form EXT-06.....	62			62						
	63	Refundable credits from Form 2, Schedule V, line 31.....	63			63						
	64	Add lines 60 through 63 and enter the result here. This is your total payments, and refundable credits.	64	750		64						
	65	Combine amounts on line 64 columns A and B. This is your combined payments and refundable credits.	65		750	65						
Penalties, Interest and Contribution	66	Interest on underpayment of estimated taxes. (See instructions and worksheet on page 11).....	66			66						
	67	Late file, late pay penalties and interest. (See instructions and worksheet on page 12).....	67			67						
	68	Other penalties. (See instructions on page 12).....	68			68						
	69	Enter in boxes 69a through 69d your Voluntary Check-off Contributions										
		<table border="1"> <thead> <tr> <th>Nongame wildlife program</th> <th>Child abuse prevention</th> <th>Agriculture in schools</th> <th>End-stage renal disease program</th> </tr> </thead> <tbody> <tr> <td>69a) 50</td> <td>69b) 50</td> <td>69c) 50</td> <td>69d) 50</td> </tr> </tbody> </table>	Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease program	69a) 50	69b) 50	69c) 50	69d) 50	Enter the sum of 69a through 69d here	200
Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease program									
69a) 50	69b) 50	69c) 50	69d) 50									
	70	Add the amounts on line 59, 66, 67, 68 and 69 and enter the result here. This is the sum of your total tax, penalties, interest and contributions.	70	200		70						
Amount You Owe or Your Refund	71	If line 70 is more than line 65 , enter the difference here. This is the amount you owe. Make check payable to MONTANA DEPARTMENT OF REVENUE or visit our website at www.mt.gov/revenue to pay by credit card or E-check.....	71			71						
	72	If line 70 is less than line 65 , enter the difference here.....	72	550		72						
	73	Enter the amount on line 72 that you want applied to your 2007 estimated tax.....	73	250		73						
	74	Subtract line 73 from line 72 and enter the amount here. This is your refund.	74		300	74						
RTN 0 1 2 4 5 6 7 7 8		ACCT# 5 6 8 8 8 9 0 0 2 5 6 0 2 5 6 8 9		<input checked="" type="checkbox"/> checking <input type="checkbox"/> savings								

If applicable, check appropriate box.

2/3rd farming gross income ☐Annualized estimated payments ☐Do not mail 2007 forms and instructions ☒

Name, address and telephone number of paid preparer.

 FRED MORRIS
 1355 Central Ave, Great Falls, MT 59401
 (406)586-4241
SSN, FEIN or PTIN: ☒
 Extension – Check this box and attach a copy of your federal Form 4868 to receive your Montana extension.
 ☐
May the DOR discuss this return with your tax preparer? Yes ☒ No ☐ Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

X

Your signature is required

Date

Daytime telephone number

X

Spouse's signature

Date

[illegible]

Schedule II: Montana Subtractions from Federal Adjusted Gross Income Enter on the corresponding line your subtractions from federal adjusted gross income. File Schedule II with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1	Exempt interest and dividends from federal bonds, notes, and obligations..		
2	Exempt tribal income.....		
3	Exempt unemployment compensation.....		
4	Exempt workers' compensation benefits.....		
5	Exempt capital gains and dividends from small business investment companies.....		
6	State tax refunds included in Montana Form 2, line 10.....		
7	Recoveries of amounts deducted in earlier years that did not reduce Montana income.....		
8	Exempt military salary of residents on active duty.....		
9	Exempt income of nonresident military servicepersons and spouses.....		
10	Exempt life-insurance premiums reimbursement for National Guard and Reservist.....		
11	Partial pension and annuity income exemption. Report Tier II Railroad Retirement on line 23 below.....	3600	
12	Partial interest exemption from taxpayers 65 and older.....	800	
13	Partial retirement disability income exemption for taxpayers under age 65..		
14	Exemption for certain taxed tips and gratuities.....		
15	Exemption for certain income of child taxed to parent.....		
16	Exemption for certain health insurance premiums taxed to employee.....		
17	Exemption for student loan repayments taxed to health care professional...		
18	Exempt medical care savings account deposits and earnings.....		
19	Exempt first-time home buyer savings account deposits and earnings.....		
20	Exempt family education savings account deposits and earnings.....		
21	Exempt farm and ranch risk management account deposits.....		
22	Subtraction to federal taxable social security/Tier I Railroad Retirement reported on Form 2, line 20b.....	1750	
23	Subtraction for federal taxable Tier II Railroad Retirement benefits reported on Form 2, line 16b.....	8400	
24	Subtractions for spouse filing joint federal return.		
24a	Passive loss carryover exclusion.....		
24b	IRA deduction adjustment.....		
24c	Capital loss adjustment.....		
25	Subtraction of sole proprietor for allocation of compensation to spouse.....		
26	Montana net operating loss carry over from Montana Form NOL, Schedule B.....		
27	40% capital gain exclusion for pre-1987 installment sales.....		
28	Subtraction for business related expenses for purchasing recycled material.....		
29	Subtraction for sales of land to beginning farmers.....		
30	Subtraction for larger federal estate and trust taxable distribution.....		
31	Subtraction for wage deduction reduced by federal targeted jobs credit.....		
32	Subtraction for certain gains recognized by liquidating corporation.....		
33	Other subtractions. Specify: _____		
34	Add lines 1 through 33, enter total here and on Form 2, line 39. This is your total Montana subtractions from federal adjusted gross income..	14550	

Schedule III: Montana Itemized Deductions
Enter on the corresponding line your itemized deductions.
File Schedule III with your Montana Form 2.

Column A (for single,
joint, separate or head
of household)

Column B (for spouse
when filing separately
using filing status 3a)

1	Medical and dental expenses.....	1	A:	B:	1		
2	Enter amount from Form 2, line 40.....	2	A:	B:	2		
3	Multiply line 2 by .075 (7.5%).....	3	A:	B:	3		
4	Subtract line 3 from line 1 and enter result here but not less than zero, This is your deductible medical and dental expense subject to 7.5% of Montana AGI	4			4		
5	Medical insurance premiums not deducted elsewhere on your return.....	5			5		
6	Long term care insurance premiums not deducted elsewhere on your return.....	6			6		
Complete lines 7a through 7d reporting your total federal income tax payments made in 2006 before completing line 7e. You cannot deduct your self-employment taxes paid on lines 7a through 7d.							
7a	Federal income tax withheld in 2006.....	7a	A:	B:	7a		
7b	Federal estimated tax payments paid in 2006.....	7b	A:	B:	7b		
7c	2005 federal income taxes paid in 2006..	7c	A:	B:	7c		
7d	Other back year federal income taxes paid in 2006.....	7d	A:	B:	7d		
7e	Add lines 7a through 7d and enter result here, but not more than \$5,000 if you are filing single, married filing separately, or head of household, or \$10,000 if filing a joint return with your spouse. This is your federal income tax deduction	7e			7e		
8	Local income taxes paid in 2006. See instruction on page 23.....	8			8		
9	Real estate taxes paid in 2006.....	9			9		
10	Personal property taxes paid in 2006.....	10			10		
11	Other deductible taxes. List type and amount:.....	11			11		
12	Home mortgage interest and points reported to you on federal Form 1098.....	12			12		
13	Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address.	13			13		
14	Points not reported to you on federal Form 1098.....	14			14		
15	Investment interest. Attach federal Form 4952.....	15			15		
16	Contributions made by cash or check during 2006.....	16			16		
17	Contributions made other than by cash or check.....	17			17		
18	Contribution carryover from the prior year.....	18			18		
19	Child and dependent care expenses. Attach Montana Form 2441M.....	19			19		
20	Casualty and theft loss(es). Attach federal Form 4684.....	20			20		
21	Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ.....	21	A:	B:	21		
22	Other expenses. List type and amount:.....	22	A:	B:	22		
23	Add lines 21 and 22.....	23	A:	B:	23		
24	Enter the amount on Form 2, line 40.....	24	A:	B:	24		
25	Multiply line 24 by .02 (2%).....	25	A:	B:	25		
26	Subtract line 25 from line 23 and enter the result here, but not less than zero.....	26			26		
27	Political contributions (limited to \$100 per taxpayer).....	27			27		
28	Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount:.....	28			28		
29	Gambling losses allowed under federal law.....	29			29		
30	Add lines 4 through 6; 7e through 20; and 26 through 29 and enter result here.....	30			30		
If the amount on Form 2, line 40 is more than \$150,500, or more than \$75,250 if married filing separately, your deductions may be limited. Complete the itemized deduction Worksheet VI on page 51 of the Form 2 instruction booklet and then continue to line 31; otherwise, go to line 32 below.							
31	Enter the amount from the itemized deduction Worksheet VI, line 9. This is the amount of your non-allowed itemized deductions	31			31		
32	Subtract line 31 from line 30 and enter the result here and on Form 2, line 42. This is the amount of your allowable itemized deductions	32			32		

Social Security Number:

Schedule IV: Non-resident/Part-year Resident Tax File Schedule IV with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)
Enter on lines 1 through 15 your Montana source income that is included in Montana adjusted gross income on Form 2, lines 7 through 21 and line 38.			
1	Montana wages, salaries, tips, etc. included on Form 2, line 7.....	1	1
2	Montana taxable interest included on Form 2, line 8a.....	2	2
3	Montana ordinary dividends included on Form 2, line 9a.....	3	3
4	Montana taxable refunds, credits, or offsets of state and local income taxes included on Form 2, line 10.....	4	4
5	Montana alimony received included on Form 2, line 11.....	5	5
6	Business income or (loss) included on Form 2, line 12.....	6	6
7	Capital gain or (loss) included on Form 2, line 13.....	7	7
8	Other gains or (losses) included on Form 2, line 14.....	8	8
9	Taxable IRA distribution included on Form 2, line 15b.....	9	9
10	Taxable pension and annuities included on Form 2, line 16b.....	10	10
11	Rental real estate, royalties, partnerships, S. corporations, trust, etc. included on Form 2, line 17.....	11	11
12	Farm income or (loss) included on Form 2, line 18.....	12	12
13	Taxable social security benefits included on Form 2, line 20b.....	13	13
14	Other income included on Form 2, line 21.....	14	14
15	Montana source additions to income reported on Form 2, Schedule I.....	15	15
16	Add lines 1 through 15 and enter result here. This is your Montana source income.	16	16
17	Add your total federal income from Form 2, line 22 and your Montana additions to federal adjusted gross income from line 38 and enter the result here. (If you are a non-resident military service person and spouse, skip line 17 and go to line 18). This is your total income from all sources. Skip line 18 and go to line 19).....	17	17
18	Non-resident military service persons and spouses only: Add from Form 2, lines 22 and 38, then subtract from this sum your exempt income reported on Form 2, Schedule II, line 9 and enter the result here. This is your total income from all sources.	18	18
19	Divide the amount on line 16 by the amount on line 17 (line 18 if you are a non-resident military service person and spouse) and enter the result here. Carry to 4 decimal places and do not enter more than 1.0000.....	19	19
20	Enter your resident tax after capital gains tax credit from Form 2, line 48.....	20	20
21	Multiply the tax on line 20 by the percentage on line 19 and enter the result here and on Form 2, line 48a. This is your non-resident, part-year resident tax after capital gains tax credit.	21	21

How do I determine what qualifies as my Montana source income when I am a non-resident of Montana?

In general, as a non-resident of Montana your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana.

How do I determine my Montana source income when I am a part-year resident of Montana?

As a part-year resident you are considered a resident for part of the year and a non-resident for the other part of the year.

In general, for the part of the year that you are a non-resident your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and

income that you receive from a business conducted in Montana.

For the part of the year that you are a resident, all of your income that you receive, no matter where you earn it, is Montana source income.

Where can I find further information on what is my Montana source income?

For further information and a line by line description of what Montana source income is, refer to **pages 26 through 29 of the instruction booklet for Form 2, Schedule IV.**

Schedule V: Montana Tax Credits		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)
Enter on the corresponding line your Montana tax credits.			
File Schedule V with your Montana Form 2.			
Nonrefundable credits that are single-year credits and HAVE NO carryover provision			
1	Credit for an income tax liability paid to another state or country from Form 2, Schedules VI, line 10 or VII, line 10.....	1	1
2	College contribution credit. Attach Form CC.....	2	2
3	Qualified endowment credit. Attach Form QEC.....	3	3
4	Energy conservation installation credit. Attach Form ENRG-C.....	4	4
5	Alternative fuel credit. Attach Form AFCR.....	5	5
6	Rural physician's credit.....	6	6
7	Health insurance for uninsured Montanans credit. Attach Form HI.....	7	7
8	Elderly care credit. Attach Form ECC.....	8	8
9	Developmental disability account contribution credit.....	9	9
10	Recycle credit. Attach Form RCYL.....	10	10
11	Oil seed crushing and biodiesel production facility credit. Attach Form OSC.....	11	11
12	Biodiesel blending and storage tank credit and attach Form BBSC.....	12	12
13	Add lines 1 through 12 and enter result here and on Form 2, line 51. This is your total nonrefundable single-year credits	13	13
Nonrefundable credits that HAVE a carryover provision			
14	Contractor's gross receipts tax credit	14	14
15	Geothermal systems credit. Attach Form ENRG-A.....	15	15
16	Alternative energy systems credit. Attach Form ENRG-B.....	16	16
17	Alternative energy production credit. Attach Form AEPC.....	17	17
18	Dependent care assistance credit. Attach Form DCAC.....	18	18
19	Historic property preservation credit. Attach federal Form 3468.....	19	19
20	Montana capital company credit.....	20	20
21	Infrastructure user's fee credit.....	21	21
22	Empowerment zone credit.....	22	22
23	Increasing research activities credit. Attach Form RSCH.....	23	23
24	Mineral exploration incentive credit. Attach Form MINE-CRED.....	24	24
25	Film employment production credit. Attach Form FPC. Report your credit on this line if you have made the one-time four year carry forward election.....	25	25
26	Add lines 14 through 25 and enter result here and on Form 2, line 52. This is your total nonrefundable carryover credits	26	26
Refundable credits			
27	Elderly homeowner/renter credit. Attach Form 2EC.....	27	27
28	Film employment production credit. Attach Form FPC.....	28	28
29	Film qualified expenditure credit. Attach Form FPC.....	29	29
30	Insure Montana small business health insurance credit-Company's EIN.....	30	30
31	Add lines 27 through 30 and enter result here and on Form 2, line 63. This is your total refundable credits	31	31

MONTANA TAX CREDITS

We have listed the 27 Montana tax credits available to you under three categories. With the exception to the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form 2, line 47 for the capital gains tax credit) you are not required to apply any of these **28** tax credits against your income tax liability in any particular order.

- **Nonrefundable single-year credits.** Your nonrefundable single-year credits can only be used to offset your 2006 resident, non-resident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. The unused portion of your nonrefundable single-year credits that

exceeded your 2006 income tax liability are lost and are unable to be used in future years.

- **Nonrefundable carryover credits.** Your nonrefundable carryover credits can be used to offset your 2006 resident, non-resident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credits that were not applied against your 2006 income tax liability can be carried over and used to offset future year tax liabilities.
- **Refundable credits.** Your refundable credits are applied against your income tax liability with any unused credit refunded to you.

Instructions: You may claim a credit for an income tax liability paid to another state or country by yourself, your S. corporation or your partnership. If you claim this credit for an income tax paid by your S. corporation or partnership, you will need to include as an addition to federal adjusted gross income on Form 2, Schedule I, line 16 your share of the S. corporation's or partnership's deduction for income tax paid, whether separately or non-separately stated on your federal K-1.

NEW FOR TAX YEAR 2006: You are not entitled to a Montana tax credit for taxes paid to a foreign country if you claimed these foreign taxes paid as a foreign tax credit on your federal income tax return.

- Your credit is limited to an income tax liability paid on income that is also taxed by Montana.
- Your income taxes paid include excise taxes or franchise taxes that are imposed on and measured by the net income of your S. corporation or partnership.
- This is a nonrefundable credit and cannot reduce your Montana tax liability below zero.
- This is a nonrefundable single year credit. No unused credit amount can be carried forward.
- You will need to complete a separate Schedule VI or VII for each state or country that you have paid an income tax liability to. You can not combine payments on one schedule.
- If you are a part-year resident, you have to allocate your income using Form 2, Schedule IV before completing Form 2, Schedule VII.

Schedule VI: Credit for an Income Tax Liability Paid to Another State or Country. Full-year resident only.		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)	
1	Enter your income taxable to another state or country that is included in Montana adjusted gross income on Form 2, line 40. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership.....			1
2	Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country.....			2
3	Enter your total Montana adjusted gross income from Form 2, line 40. Where applicable, this includes your share of income taxes paid that are claimed as a deduction by your S. corporation or partnership.....			3
4	Enter your total income tax liability paid to the other state or country.....			4
5	Enter your Montana tax liability from Form 2, line 48			5
6	Divide line 1 by line 2. Enter the percentage here, but not more than 100%.....			6
7	Multiply line 4 by line 6 and enter the result here.....			7
8	Divide line 1 by line 3. Enter the percentage here, but not more than 100%.....			8
9	Multiply line 5 by line 8 and enter the result here.....			9
10	Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country			10
Schedule VII: Credit for an Income Tax Liability Paid to Another State or Country. Part-year resident only.		Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)	
1	Enter your income taxable to another state or country that is included in Montana source income on Form 2, Schedule IV, line 16, total Montana source income. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership.....			1
2	Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country.....			2
3	Enter your total Montana source income from Form 2, Schedule IV, line 16. Where applicable, this includes the share of income taxes paid that are claimed as a deduction by your S. corporation or partnership.....			3
4	Enter your total income tax liability paid to the other state or country.....			4
5	Enter your Montana tax liability from Form 2, line 48a.....			5
6	Divide line 1 by line 2. Enter the percentage here, but not more than 100%.....			6
7	Multiply line 4 by line 6 and enter the result here.....			7
8	Divide line 1 by line 3. Enter the percentage here, but not more than 100%.....			8
9	Multiply line 5 by line 8 and enter the result here.....			9
10	Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country			10

Schedule VIII: Reporting of Special Transactions File Schedule VIII with your Montana Form 2	Transaction
<p>Complete Schedule VIII only if you and/or your spouse filed for federal income tax purposes any of the federal forms described below. Check the appropriate box indicating which form(s) you filed with your federal income tax return. If your answer is "yes" to one or more of these forms, you will need to attach a complete copy of your federal income tax return Form 1040.</p>	<p>Check "yes" if you filed any of the following forms with the Internal Revenue Service.</p>
<p>1 I filed federal Form 8264 – Application for Registration of a Tax Shelter with the Internal Revenue Service.</p> <p>Form 8264 is required to be filed to register a tax shelter.</p>	<p>1 <input type="checkbox"/> YES</p>
<p>2 I filed federal Form 8271 – Investor Reporting of Tax Shelter Registration Number with the Internal Revenue Service.</p> <p>Form 8271 is used to report the tax shelter registration number that the Internal Revenue Service assigns to certain tax shelters required to be registered under 26 USC 6111 and to report the name and identifying number of the tax shelter.</p>	<p>2 <input type="checkbox"/> YES</p>
<p>3 I filed federal Form 8824 – Like-Kind Exchanges with the Internal Revenue Service.</p> <p>NOTE: Check "yes" if your like-kind exchange includes Montana property. Non-residents do not have to report a like-kind exchange if the properties involved do not include Montana property.</p> <p>Form 8824 is used to report each exchange of business or investment property for property of a like kind.</p>	<p>3 <input type="checkbox"/> YES</p>
<p>4 I filed federal Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service.</p> <p>Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), section 6038B (reporting of transfers to foreign partnerships), or section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest).</p>	<p>4 <input type="checkbox"/> YES</p>
<p>5 I am required to file federal Form 8886 – Reportable Transaction Disclosure Statement with the Internal Revenue Service.</p> <p>Form 8886 is used to disclose information for each reportable transaction in which you participated.</p>	<p>5 <input type="checkbox"/> YES</p>
<p>6 I filed federal Form 13656 – Notice of Election by Executive and Related Person to Participate in Announcement 2005-19 Settlement Initiative with the Internal Revenue Service.</p> <p>Form 13656 is an election to participate in the settlement initiative as described in Announcement 2005-19 and as contained in Internal Revenue Bulletin 2005-11 dated March 14, 2005.</p>	<p>6 <input type="checkbox"/> YES</p>
<p>7 I filed federal Form 13750 – Election to Participate in Announcement 2005-80 Settlement Initiative with the Internal Revenue Service.</p> <p>Form 13750 is an election to participate in the settlement initiative as described in Announcement 2005-80 and as contained in Internal Revenue Bulletin 2005-46 dated November 14, 2005.</p>	<p>7 <input type="checkbox"/> YES</p>